

Nonresident Composite Payment Return and Extension

For the year January 1 – December 31, 2002, or other tax year beginning _____, 2002, ending _____.

Form 20SC is used to report Alabama taxable income for all or some of the nonresident shareholders from reported S corporation income and to make payment on behalf of the shareholders in lieu of individual reporting. (CAUTION: Do not include losses on this form – see instructions on page 4.)

► Important

Check
applicable box:

- ☐ Extension
- ☐ Amended return
- ☐ Refund due

FEDERAL EMPLOYER IDENTIFICATION NUMBER



NAME



ADDRESS



CITY, STATE, COUNTRY (IF NOT U.S.)



9-DIGIT ZIP CODE



DEPARTMENT USE ONLY

Add'l Tax _____ Penalty/Int. _____

Audited By _____ K-1's _____

Reviewed By _____

CN

If you filed a return for 2001 and above
address is different, check here ☐

	(A) Nonresident Shareholder's Name, Street Address, City, State, and ZIP	(B) Social Security Number	(C) Shareholder's Share of Income	(D) Shareholder's Share of Tax Due (Col. C x 5%)
1				
2				
3				
4				
5				

IF MORE THAN FIVE SHAREHOLDERS, CONTINUE ON PAGES 2 AND 3

6	Total tax due on this page and from pages 2 and 3 (see instructions).....	►	
7a	Payment made with extension (see instructions).....	7a	
b	Tax credits (see instructions).....	7b	
c	Total payment and credits (add lines 7a and 7b).....	►	
8	Penalties and interest due (see instructions).....	►	
9a	Total amount due and remitted with this return.....	►	
b	If payment made through Electronic Funds Transfer (EFT) check this box.....	<input type="checkbox"/>	
10	Overpayment and amount to be refunded	►	
11	Refund warrant amount/date/number (Department Use Only)		

Please
Sign
Here

UNDER PENALTIES OF PERJURY, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your Signature

Title or Position

Date

Paid
Preparer's
Use OnlyPreparer's
signature

Date

Preparer's social security no.

Firm's name (or yours,
if self-employed)
and address

E.I. No.

ZIP Code

Make Remittance Payable To:

ALABAMA DEPARTMENT OF REVENUE

Write — Form 20SC, tax year, and FEIN on remittance for verification purposes

Mail To:

ALABAMA DEPARTMENT OF REVENUE

CORPORATE TAX SECTION

P.O. BOX 327444

MONTGOMERY, AL 36132-7430

Telephone: (334) 242-1200

CAUTION: Do not attach to or mail with Form 20C or 20S

(A) Nonresident Shareholder's Name, Street Address, City, State, and ZIP	(B) Social Security Number	(C) Shareholder's Share of Income		(D) Shareholder's Share of Tax Due (Col. C x 5%)	

Federal Employer Identification Number

[illegible]

Instructions for Preparation of Form 20SC

An Alabama S corporation may file composite returns and make composite payments on behalf of some or all of its nonresident shareholders if there are one or more nonresident shareholders during any part of the taxable year.

By filing Form 20SC, an Alabama S corporation reports each nonresident shareholder's share of the Alabama S corporation **income**. No further filing may then be required by the shareholder. If a nonresident shareholder has other income in this State or is due a refund (e.g. due to a net operating loss carryforward), an individual Nonresident Income Tax Return, Form 40NR, must be filed by that shareholder. On Form 40NR, the shareholder reports all Alabama income including the shareholder's share of the Alabama S corporation income. The composite payment made by the S corporation on behalf of its nonresident shareholders will be accounted for as an estimated tax payment on the shareholders' return(s).

Any changes must be made on an amended Form 20SC no later than the extended due date of the return. After this date, changes in income affecting the shareholder's tax must be made on the Form 40NR, Alabama Individual Nonresident Income Tax Return.

Form 20SC and other information are available on the internet at www.ador.state.al.us.

NONRESIDENT AGREEMENTS (Schedule NRA). An Alabama S corporation must file the agreement of each nonresident shareholder of the corporation (1) to file a return and make timely payments of all taxes imposed on the shareholder with respect to the income of the Alabama S corporation, and (2) to be subject to personal jurisdiction in this State for the purpose of the collection of unpaid income tax, together with related interest and penalties, from the nonresident shareholder.

FAILURE OF CORPORATION TO TIMELY FILE THE NONRESIDENT AGREEMENTS. The corporation is required to complete Form 20SC and pay the tax due for all nonresident shareholders who fail to timely file the nonresident shareholder agreement. The tax due shall be computed at 5% on each nonresident shareholder's pro rata share of income allocated and apportioned to this state.

General Instructions

PERIOD COVERED. File the 2002 return for calendar year 2002 and fiscal years that begin in 2002 and end in 2003.

ORIGINAL DUE DATE. The 2002 return for calendar year 2002 is due on or before March 15, 2003. For fiscal year or short year taxpayers, the return is due on or before the 15th day of the 3rd month following the close of the tax period. If the 15th falls on Saturday, Sunday, or a state holiday then the due date will be considered the following business day. A completed Schedule K-1 for each shareholder included on the Form 20SC should be attached to Form 20S.

If an **extension** is requested, this form must be completed and submitted with the tax due on or before the original due date. Unextended returns filed after the due date will be subject to a late filing penalty.

PAYMENT OF TAX. The total tax liability on the composite return is due on or before the 15th day of the 3rd month following the close of the tax period. Payments made after the original due date will be subject to interest and penalty charges. Make check payable to: Alabama Department of Revenue. Write the corporation's Federal Employer Identification Number, the income tax form number (Form 20SC), and the tax year on the check.

Section 41-1-20, **Code of Alabama 1975** requires the use of **Electronic Funds Transfer** (EFT) for all single tax payments of \$25,000 or more. Taxpayers must register to use EFT, and substantial penalties can be assessed for noncompliance. Call the Alabama Department of Revenue EFT Hotline at (334) 242-1819 or 1-800-322-4106 for further information.

CAUTION: Do not attach the Form 20SC or the Form 20SC payment to the Form 20S or vice versa.

SIGNATURE. The return must be signed by an authorized officer of the corporation. Enter the date signed and the officer's title. If the return is prepared by someone other than an employee of the corporation, enter the signature and identification information of the preparer.

Specific Instructions

At the top, right-hand corner, check the appropriate box indicating a calendar year, fiscal year, or short-year return. Fill in the blanks indicating the beginning and ending dates of the tax period if the return is for a fiscal year or short period. In the top block, enter the Federal Identification Number, name, and mailing address (with complete zip code) of the corporation. Check the appropriate block if this form serves as an extension, amendment, or a request for refund.

LINES 1 THROUGH 5. Give complete information regarding each nonresident shareholder as requested in columns (A), (B), (C), and (D). Column (C) should include the amount of each nonresident shareholder's pro rata share of the Alabama S corporation income allocated and apportioned to Alabama. Separately stated items of loss, deduction, or expense which are subject to other limitations on the individual's return including federal income tax, contribution, investment interest expense, and casualty losses, are not included on the Form 20SC. The shareholder's pro rata share of these items can only be taken on the nonresident individual return, Form 40NR. If a nonresident shareholder has a loss do not include the shareholder on Form 20SC.

LINE 6. If this report covers more than five (5) nonresident shareholders, complete pages 2 and 3 showing the same information as requested in lines 1 through 5. Line 6 should total the amount on lines 1 through 5 and the amounts on pages 2 and 3.

LINE 7a. Enter only the payment made with the payment/extension request (i.e. Form 20SC).

LINE 7b. Enter the total amount of **capital credit** allowable to the nonresident shareholders. The credit cannot exceed the tax due. Attach a schedule of the credit allowable for each nonresident. Attach a copy of Form K-RCC for each shareholder receiving the credit.

LINE 8. If this return is not filed on or before the due date (with extensions), enter a failure to timely file penalty (the greater of 10% of the amount of net tax due or \$50). Tax due and not paid by the original due date will be subject to a failure to timely pay penalty of 1% per month (maximum 25%) and will accrue interest at the rate provided in Section 40-1-44. If a shareholder subsequently files a Form 40NR, it should not include any portion of the penalties and interest in the amount of the composite payment.

LINE 9a. Enter the total amount due. Subtract line 7c from the total of lines 6 and 8.

LINE 10. If line 7c is greater than line 6, enter the difference on this line.